

Business Plan Template

Before you edit this document...

A business plan should be prepared by anyone who is thinking about starting a business. If you need to raise money to finance the business, it is essential to convince lenders and investors that the business risk is acceptable.

A well-thought-out business plan will avoid mistakes later and will provide a springboard for later decisions.

The format may appear complex at first sight. Still, in simple terms, it is about anticipating the issues you are likely to face, having a clear strategy and a viable business plan:

- How you will be set up;
- How you will market your product or service;
- How you will differentiate your product or service from the competition;
- Who your main customers will be;
- Your strengths and weaknesses;
- What resources you will need - premises, equipment and people;
- How much capital the business will need;
- How profitable it will be;
- How much cash it will generate; and
- What might go wrong

This template has been designed to help you work through the key aspects which should be considered before starting a business, and we hope you find it helpful. You will find additional tools and resources on [my blog](#).

Business Plan

Name of Business

Date of preparation: Jul 25, 2022

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Executive Summary

This is a summary of the whole plan and its purpose is to provide the reader with a brief overview of the key elements of your plan. You should write this section last. It should be no more than one page long and should include:

- Description of the product(s) and/or service(s) you will provide.
- What you hope to achieve (business objectives).
- What will make you better than your competitors.
- Location of the business, how it will operate and who will manage it and work in it.
- Level of sales and profit that will be made in the first and subsequent years.
- How much money is required to start your business and where will it be sourced from.

Background

Personal History

Summarise your background and that of your business partner(s) (if applicable).
Enclose a copy of your CV(s) as an appendix.

Business History

Describe:

- The proposed business.
- Why you have chosen it.
- Any unique elements of the business idea.
- How your knowledge and experience will help you to succeed.

Business Objectives

Explain your business and personal objectives.

Product/Service

Description

Describe what product(s) and/or service(s) you will be providing.

Pricing

Provide details of your prices and an explanation of how they have been calculated. A price list may be included as an Appendix.

Product/Service Cost

Provide details of your direct costs for the product(s) and/or service(s) you will provide (i.e. product purchase costs, material, direct labour).

Suppliers

Include details of your suppliers and sub-contractors. What is your relationship with them? How much do you rely on them?

Market

Market Research

This section should provide evidence of existing and future demand for your product(s) and/or service(s).

- Describe what research you have carried out. Your research should utilize secondary sources of information (internet, trade magazines, market sector reports, competitors' data, etc) and primary research directly conducted with your potential customers (surveys, interviews, focus groups, questionnaires, test marketing, sample feedback, etc).
- You should analyze the results and explain your findings. These findings should consider three key areas: the market, customers and competitors.

The market

- How big is the market for your product(s) and/or service(s)?
- What are the market trends and key influences on demand? Which market segments will you target and why?

Customers

Who will your customers be? What is your typical customer profile(s)? What are their motivations for buying? What are their buying habits and preferences? How much and how frequently will they buy?

Competitors

Who are your competitors? What product(s) and/or service(s) do they provide? What prices do they charge? How successful are they (market reputation, financial performance, size)? What are their strengths and weaknesses? What makes you stand out from your competitors (your competitive advantage)?

Marketing Plan

Explain how you will reach your target customers. Explain what methods you will use to promote and sell your product(s) and/or service(s). Explain why you have chosen these methods and what results you expect from them.

Sales Forecast

Provide details of how many sales per month you think you are going to achieve for each of your products and/or services and the price you are going to charge. Insert your monthly forecast into your profit and loss projection and cash flow forecast. Explain your assumptions upon which your forecast is based. Remember to allow for time to build up your sales in the early months of trading and any seasonal variations, etc.

People

- Who will be employed in the business?
- What roles will they carry out?
- Provide brief job descriptions.

Operations

Premises

Where will the business operate from, i.e. home, will you be leasing premises, buying premises? Describe the premises (type, size, location, facilities).

Systems and Processes

Describe how the business will work. Detail key systems and procedures.

Explain how you will control quality and manage customer service. Identify key functions and who will carry them out.

Vehicles and Equipment

What physical resources will be required (vehicles, machinery/tools, office equipment, IT hardware and software, etc)?

Legal

Legal Structure

Explain which legal structure you have chosen and why (sole trader, partnership, limited company, etc).

Safety/Premises Law

Identify the key areas of safety and premises related law and regulation you will need to comply with (e.g. Health and Safety, environmental health, planning, licensing, product safety, fire, etc). Explain what actions you will take to ensure you comply.

Business Law

Explain the key areas of business related law and regulation you will need to consider, (e.g. data protection, employment, tax/VAT, contracts, and agreements, terms and conditions, company, partnership, intellectual property, business names, trading law, etc). Explain what actions you will take to ensure you are operating within the law and managing your commercial risks.

Insurance

Provide details of all insurances, (e.g. professional indemnity, product liability, employers' liability, public liability, vehicle, buildings/contents, stock/good in transit, etc)

Legal Issues are not exhaustive and you should thoroughly research all the legal requirements relating to your particular business.

SWOT analysis

Assess the internal strengths and weaknesses of your business. Identify the external opportunities and threats facing the business in the marketplace.

Strengths	Weaknesses
You can type here.	

Opportunities	Threats

Contingency Plan

Explain how you will address your internal weaknesses and overcome the potential threat to your business if and when they occur.

Funding Requirements and Sources

Detail below what funds will be required to start the business.

Capital Expenditure	\$
Working Capital	\$
Total	\$

- Explain where the funds will come from.
- Provide details of any personal investment, private borrowings, bank borrowings, etc.
- If borrowing is required, state whether or not it has been secured and from whom.

Personal Survival budget

Calculate how much money you need to earn from your business to meet your personal living costs.

Break-Even Sales

Calculate the level of sales you need to achieve to sustain your business. This is known as break-even sales and is where your income equals your expenditure.

Calculate this using the following equation:

$$\text{Annual Overheads (\$)} \div \text{Gross Profit margin (\%)} = \text{Annual Break-Even Sales (\$)}$$

The following example demonstrates how to calculate annual break-even sales:

If annual overheads are \$30,000 and gross profit margin is 60%, the level of sales needed to break-even = $\$30,000 \div 0.6 = \$50,000$.

Your gross profit margin (%) can be calculated using the following equation:

$$\text{Gross Profit Margin (\%)} = \text{Annual Gross Profit (\$)} \div \text{Annual Sales (\$)} \times 100$$

Once you have prepared your Profit and Loss Forecast, you will be able to identify your annual sales (\$), annual gross profit (\$) and annual overheads (\$) figures.

Financial Forecasts

Profit and Loss Forecast

Provide forecast for 1 – 2 years as appropriate. A Profit and Loss Forecast Template can be found online.

Cash Flow Forecast

Provide forecast for 1 – 2 years as appropriate. A Cash Flow Forecast Template can be found online.

Forecasting Assumptions

Provide a list of any assumptions you have made to arrive at your forecasted figures.

Appendices

Use the Appendices section for supporting documents that the reader may wish to refer to, but may be too detailed for the main text of the business plan, (e.g. CVs, price lists and literature, costing and pricing calculations, market research results, competitor and market price analysis, legal documents/terms and conditions, evidence of orders already received, etc).

Your Profit and Loss Projection and Cash Flow Forecast can also form part of your appendices, if preferred.